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**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEW JERSEY**

In re:

BLOCKFI INC., *et al.*,

Debtors.<sup>1</sup>

Chapter 11

Case No. 22-19361 (MBK)

(Jointly Administered)

**APPLICATION IN LIEU OF A MOTION IN SUPPORT OF  
ENTRY OF AN ORDER (I) ESTABLISHING ELIGIBILITY FOR  
WITHDRAWALS OF WALLET ASSETS AND (II) GRANTING RELATED RELIEF**

TO: THE HONORABLE CHIEF JUDGE MICHAEL B. KAPLAN UNITED STATES  
BANKRUPTCY COURT FOR THE DISTRICT OF NEW JERSEY:

<sup>1</sup> The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor's federal tax identification number, are: BlockFi Inc. (0015); BlockFi Trading LLC (2487); BlockFi Lending LLC (5017); BlockFi Wallet LLC (3231); BlockFi Ventures LLC (9937); BlockFi International Ltd. (N/A); BlockFi Investment Products LLC (2422); BlockFi Services, Inc. (5965); and BlockFi Lending II LLC (0154). The location of the Debtors' service address is 201 Montgomery Street, Suite 263, Jersey City, NJ 07302.

The above-captioned debtors and debtors in possession (collectively, the “Debtors”) submit this application in lieu of motion (the “Application”), pursuant to Local Rule 9021-1(b) of the Local Rules of the United States Bankruptcy Court for the District of New Jersey (the “Local Rules”), seeking approval and entry of the proposed *Order (I) Establishing Eligibility for Withdrawals of Wallet Assets and (II) Granting Related Relief* (the “Proposed Order”), a copy of which is attached hereto as **Exhibit A**, and respectfully state as follows:

1. On November 28, 2022 (the “Petition Date”), each Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. A detailed description of the Debtors, their businesses, and the facts and circumstances supporting the Debtors’ Chapter 11 Cases are set forth in greater detail in the *Declaration of Mark A. Renzi in Support of Debtors’ Chapter 11 Petitions and First-Day Motions* [Docket No. 17], incorporated by reference herein.

2. The Debtors are operating their businesses and managing their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. On November 29, 2022, the Court entered an order [Docket No. 42] authorizing procedural consolidation and joint administration of these Chapter 11 Cases pursuant to Bankruptcy Rule 1015(b). On December 21, 2022, the United States Trustee for the District of New Jersey appointed an official committee of unsecured creditors pursuant to section 1102 of the Bankruptcy Code (the “Committee”) [Docket No. 130].

3. On May 11, 2023, the Court granted the Debtors’ Wallet Withdrawal Motion<sup>2</sup> and, on May 17, 2023, the Court entered the Wallet Order.<sup>3</sup> On July 14, 2023, the Court entered the Supporting Wallet Order (collectively with the Wallet Order, the “Prior Wallet Orders”).<sup>4</sup>

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<sup>2</sup> *Debtors’ Motion for Entry of an Order (I) Authorizing the Debtors to (A) Honor Withdrawals from Wallet Accounts, (B) Update the User Interface to Properly Reflect Transactions and Assets as of the Platform Pause, and (C) Conduct Ordinary Course Reconciliation of Accounts, and (II) Granting Related Relief* [Docket No. 121] (the “Wallet Withdrawal Motion”).

4. This Application is submitted pursuant to Local Rule 9021-1(b) in lieu of a motion in support of the Debtors' request that the Court enter the Proposed Order as presented. In the coming days, the Debtors intend to open their platform to those clients in order to facilitate withdrawal requests of the digital assets from the Custodial Omnibus Wallets that are represented in the applicable Client Wallet Accounts as of the Platform Pause Time Stamp (the "Wallet Assets"), each as defined in the Amended Cheela Declaration<sup>5</sup> (the "Wallet Withdrawal Process").

5. The Debtors seek entry of the Proposed Order to embody the terms of the Committee Settlement as that term is defined in the Third Amended Joint Chapter 11 Plan of BlockFi Inc. and its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code [Docket No. 1309] (as amended or supplemented, the "Plan"), and to clarify the parties that are eligible to withdraw Wallet Assets in light of the Prior Wallet Orders. In particular, the Debtors seek to modify the terms of the Prior Wallet Orders to permit the withdrawal of Wallet Assets from those Wallet Accounts owned or controlled by those employees of the Debtors that are not otherwise Committee Settlement Parties, as that term is defined in the Plan, and to permit certain transfers that would have otherwise been potentially subject to a preference claim.

6. The Debtors and the Committee have agreed to the terms of the attached Proposed Order.

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<sup>3</sup> Order (I) Authorizing the Debtors to (A) Honor Withdrawals from Wallet Accounts, (B) Update the User Interface to Properly Reflect Transactions and Assets as of the Platform Pause, and (C) Conduct Ordinary Course Reconciliation of Accounts, and (II) Granting Related Relief [Docket No. 923] (the "Wallet Order").

<sup>4</sup> Order (I) Establishing that All Withdrawals of Wallet Assets Are Final and (II) Granting Related Relief [Docket No. 1207] (the "Supporting Wallet Order").

<sup>5</sup> Amended Declaration in Amit Cheela, Chief Financial Officer of BlockFi, Inc., in Support of the Debtors' Motion for Entry of an Order(I) Authorizing the Debtors to (A) Honor Withdrawals from Wallet Accounts, (B) Update the User Interface to Properly Reflect Transactions and Assets as of the Platform Pause, and (C) Conduct Ordinary Course Reconciliation of Accounts, and (II) Granting Related Relief [Docket No. 822] (the "Amended Cheela Declaration")

7. The Debtors submit that the Proposed Order is in the best interests of the Debtors, their estates, their clients, and all parties in interest, as it will facilitate a speedy, safe, efficient, and accurate Wallet Withdrawal Process and embodies terms of the Committee Settlement.

8. No prior request for the relief sought in this Application has been made to this Court or any other court.

**Notice**

9. The Debtors will provide notice of this Application to the following parties and/or their respective counsel, as applicable: (a) the office of the U.S. Trustee for the District of New Jersey; (b) the Committee; (c) the United States Attorney's Office for the District of New Jersey; (d) the Internal Revenue Service; (e) the U.S. Securities and Exchange Commission; (f) the attorneys general in the states where the Debtors conduct their business operations; and (g) any party that has requested notice pursuant to Bankruptcy Rule 2002. The Debtors submit that, in light of the nature of the relief requested, no other or further notice need be given.

*[Remainder of page intentionally left blank]*

**WHEREFORE**, the Debtors request that the Court enter an order, in substantially the form submitted herewith, granting the relief requested herein and such other relief as is just and proper under the circumstances.

Dated: August 9, 2023

*/s/ Michael D. Sirota*

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